

## Consultation questions

The IIRC welcomes comments on all aspects of the Draft International <IR> Framework (Draft Framework) from all stakeholders, whether to express agreement or to recommend changes.

The following questions are focused on areas where there has been significant discussion during the development process. Comments on any other aspect of the Draft Framework are also encouraged through the questions.

Please provide all comments in English.

All comments received will be considered a matter of public record and will be posted on the IIRC's website ([www.theiirc.org](http://www.theiirc.org)).

**Comments should be submitted by Monday 15<sup>th</sup>, July 2013.**

Name:

Email:

Stakeholder group:

If replying on behalf of an Organization please complete the following:

Organization name:

Industry sector:

Geographical region:

### Key Points

If you wish to briefly express any key points, or to emphasize particular aspects of your submission, or add comments in the nature of a cover letter, then the following space can be used for this purpose. Please do not repeat large amounts of material appearing elsewhere in your comments.

## Chapter 1: Overview

### ***Principles-based requirements***

To be in accordance with the Framework, an integrated report should comply with the principles-based requirements identified throughout the Framework in bold italic type (paragraphs 1.11-1.12).

1. *Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.*

No

### ***Interaction with other reports and communications***

The <IR> process is intended to be applied continuously to all relevant reports and communications, in addition to the preparation of an integrated report. The integrated report may include links to other reports and communications, e.g., financial statements and sustainability reports. The IIRC aims to complement material developed by established reporting standard setters and others, and does not intend to develop duplicate content (paragraphs 1.18-1.20).

2. *Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?*

Paragraph 1.18 seems a bit strict when saying that "The <IR> process is intended to be applied continuously to all relevant reports and communications, including analyst calls and the investor relations section of an organization's website." This part of the statement might prevent the easy adaptation of <IR> in a reporting organization. The period should be rephrased to a more long-term ambition and be put in the end of the paragraph instead.

3. *If the IIRC were to create an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others, which references should be included?*

UN Global Compact  
Global Reporting Initiative  
GHG Protocol

## **Other**

4. *Please provide any other comments you have about Chapter 1.*

## **Chapter 2: Fundamental concepts**

### ***The capitals (Section 2B)***

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

5. *Do you agree with this approach to the capitals? Why/why not?*

The approach seems reasonable, but the whole chapter 2 is complicated and needs simplification to be aligned with the remaining part of the draft framework which is very well written.

6. *Please provide any other comments you have about Section 2B?*

### ***Business model (Section 2C)***

A business model is defined as an organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term (paragraph 2.26).

7. *Do you agree with this definition? Why/why not?*

The approach seems reasonable, but the whole chapter 2 is complicated and needs simplification to be aligned with the remaining part of the draft framework which is very well written.

### **Business model (Section 2C) continued**

Outcomes are defined as the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs (paragraphs 2.35-2.36).

8. *Do you agree with this definition? Why/why not?*

The approach seems reasonable, but (some) external outcomes might be very challenging to report on.

9. *Please provide any other comments you have about Section 2C or the disclosure requirements and related guidance regarding business models contained in the Content Elements Chapter of the Framework (see Section 4E)?*

### **Other**

10. *Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above.*

## **Chapter 3: Guiding Principles**

### **Materiality and conciseness (Section 3D)**

Materiality is determined by reference to assessments made by the primary intended report users (paragraphs 3.23-3.24). The primary intended report users are providers of financial capital (paragraphs 1.6-1.8).

11. *Do you agree with this approach to materiality? If not, how would you change it?*

This is a very good and easy to understand approach to materiality, which is highly supported!

12. Please provide any other comments you have about Section 3D or the Materiality determination process (Section 5B).

**Reliability and completeness (Section 3E)**

Reliability is enhanced by mechanisms such as robust internal reporting systems, appropriate stakeholder engagement, and independent, external assurance (paragraph 3.31).

13. How should the reliability of an integrated report be demonstrated?

The easy answer is of course through external verification. To be able to make the framework applicable also to smaller or more immature reporting organizations, there should be alternatives to external verification by e.g. describing the internal control system and the organization's approach to stakeholder dialogue.

14. Please provide any other comments you have about Section 3E.

**Other**

15. Please provide any other comments you have about Chapter 3 that are not already addressed by your responses above.

Paragraph 3.37 is unclear and should be rewritten.

Paragraph 3.52: Even though benchmark data are desired also for external reporting, it might be challenging to obtain such data if it is used externally. Therefore, it is important to keep the right balance here to make sure that members of industry associations etc. feel secure to share such data without risking that it is used against them. At certain level that is possible, but detailed information can in certain cases be a challenge.

## Chapter 4: Content Elements

16. Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).

## Chapter 5: Preparation and presentation

### ***Involvement of those charged with governance (Section 5D)***

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

17. Should there be a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report? Why/why not?

If such a requirement is included, please make sure that it is possible to do it in a simple way, e.g. through a reference in the CEO or Chair letter or in the board of director's report. A too bureaucratic approach might become an unnecessary obstacle towards adopting the framework.

18. Please provide any other comments you have about involvement of those charged with governance (Section 5D).

**Credibility (Section 5E)**

The Framework provides reporting criteria against which organizations and assurance providers assess a report’s adherence (paragraph 5.21).

*19. If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?*

The integrated report as a whole. To require assurance of parts of the report gives less credibility. See also comment to question 13.

*20. Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider the Framework provides suitable criteria for an assurance engagement.*

**Other**

*21. Please provide any other comments you have about Chapter 5 that are not already addressed by your responses above (please include comments on the materiality determination process [Section 5B] in your answer to question 11 above rather than here).*

## Overall view

22. *Recognizing that <IR> will evolve over time, please explain the extent to which you believe the content of the Framework overall is appropriate for use by organizations in preparing an integrated report and for providing report users with information about an organization's ability to create value in the short, medium and long term?*

This is a very good draft framework that with simple means could improve even further by:

- simplifying chapter 2
- by providing more examples (either directly in the framework or in additional guidelines) like the ones in section 5.23

## Development of <IR>

23. *If the IIRC were to develop explanatory material on <IR> in addition to the Framework, which three topics would you recommend be given priority? Why?*

Provide more examples like the ones in section 5.23 to illustrate the different needs of different businesses / reporting organizations.

Provide examples of best practice

## Other

24. *Please provide any other comments not already addressed by your responses to Questions 1-23.*

Please save the completed PDF form to your computer and submit via the IIRC website at [www.theiirc.org/consultationdraft2013](http://www.theiirc.org/consultationdraft2013)